Practical guidelines for employers for promoting equality and preventing discrimination at work in Indonesia
Business Case for Equality

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Indonesian Employers Association (APINDO)
International Labour Office (ILO), Jakarta
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Practical guidelines for employers for promoting equality and preventing discrimination at work in Indonesia
Principle of equality and non-discrimination at the workplace are basic labour principles that have been included in the Manpower Act, Law No. 13, 2003. Basically, the principles aim to uphold the principles of human dignity in social and economic justice. In the business community, the principles have also been accepted as universal standard in achieving market efficiency and sustainable economic development.

Policy arrangements have been made by the government to support the application of the principle of equality and non-discrimination. A number of companies also have specific policies to apply the principles. However, some challenges are still present in practice. Discriminatory practices at the workplace are often encountered. Women, minorities, and other vulnerable groups still have great possibilities to be treated in discriminatory manner.

By issuing these Code of Practice and Practical Guide for Employers for Promoting equality and preventing discrimination at work, APINDO has taken a pro-active initiative to assist the employers in Indonesia to apply the principle of equality and non-discrimination at the workplace. The Code of Practice contains general principles taken from the labor law in Indonesia as well the ILO Conventions, especially the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) and Equal Remuneration Convention, 1951 (No. 100). The Practical Guide contains the application such general principles into practical steps. This Practical Guide is divided into 5 booklets by theme so that it is easier to use.

We would like to thank the ILO Office Jakarta and the ILO MAMPU project that have provided technical assistance in the development and publication of this Code of Practice and Practical Guide. We hope that these two materials could offer advice and benefit not only for employers but also for APINDO’s partners i.e. workers and government, to jointly implement the principle of non-discrimination and equality at work.

Jakarta, October 1st, 2013

Sofjan Wanandi
Chairperson
National Board of the Indonesian Employers’ Association (DPN APINDO)
Practical guidelines for employers for promoting equality and preventing discrimination at work in Indonesia
Foreword ILO

Non-discrimination and equal opportunities and treatment in employment are basic labour rights and are fundamental for the achievement of social justice and sustainable economic development in Indonesia. The principle of the right to equality in employment opportunities and treatment enables persons of all races, sexes, religions, social or ethnic origin, health status or disability to work their way out of poverty and to care for their families.

Equality of opportunity and treatment in employment is an integral part of the ILO’s Decent Work Agenda and the Decent Work Country Programme in Indonesia. The ILO promotes opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. The Discrimination (Employment and Occupation) Convention, 1958 (No. 111) was adopted by ILO member States in 1958 and was ratified by Indonesia in 1999. This remains the most comprehensive international instrument dedicated to the promotion of equality of opportunity and treatment in the world of work. Following ratification of the ILO Convention, Indonesia has included principles of equality in employment in its Manpower Act (Law No.13 of 2003). ILO Convention No.111 and the Manpower Act provide the framework for the guidance provided in this Practical Guide and Code of Practice on equality in employment.

Successful employers understand that pursuing equality at work provides a competitive advantage over companies and employers who engage in discriminatory practices. Through the application of principles of equality and non-discrimination, employers are able to attract and retain the best talent, support greater innovation and enjoy productive working environments. The elimination of discrimination in employment is also an integral to pursuing a fair globalization.

This Practical Guide and Code of Practice was developed through a partnership between the ILO MAMPU project and APINDO. The Guide is divided into five separate booklets. It has been designed to support practical understanding by employers on how to apply principles of equality in employment in their workplaces.

It is our hope that this Guide and Code of Practice for employers on promoting equality and preventing discrimination at work in Indonesia will inspire employers to promote and realize principles of equality and non-discrimination in their workplaces.

October 1st, 2013

Peter van Rooij
Director, ILO Jakarta Office
Foreword

The ILO MAMPU – Access to Employment and Decent Work for Women Project is promoting equality in employment for women workers. This is being pursued through various strategies, including through partnerships and capacity building with employers in Indonesia. Employers’ commitment to addressing discrimination in employment and active promotion of equal employment opportunities are crucial steps towards achieving substantive equality for women in Indonesia.

Women who are from minority ethnic or religious groups or who have a disability or health issue such as HIV and AIDs are often vulnerable to multiple forms of discrimination and face a double disadvantage in the labour market. Recognizing the particular vulnerabilities of these women and that gender-based discrimination is only one of many forms of discrimination found in employment, this practical Guide and Code of Practice, developed with APINDO, provide guidance to employers on how to prevent and address discrimination in employment based on a range of grounds including sex, ethnicity, religion, race, social origin, national extraction, health status, disability and political opinion.

The Project would like to thank APINDO for its commitment to pursuing equality in employment and for the lead role it has taken in developing and disseminating practical guidance on equality of opportunities and treatment to employers in Indonesia.

The development of guidelines for employers on equality and non-discrimination in employment initially began in China through the work of Ms Marja Paavilainen, Ms Nelien Haspels and Mr Tim De Meyer. The MAMPU project would like to thank colleagues in the ILO Decent Work Team for their contribution to the development of this Guide and Code of Practice.

We would also like to express our gratitude to Australian Aid, the donor of the ILO MAMPU Project, for their generous support and commitment to promoting equality in employment for women in Indonesia.

It is our hope that employers will use this Guide and Code of Practice in their hiring, firing and human resource decision-making processes in the future.

October 1st, 2013

Miranda Fajerman,
Chief Technical Adviser
MAMPU – Access to Employment and Decent Work for Women Project, ILO Jakarta
INTRODUCTION

It is with great pleasure that the Indonesian Employers’ Association (APINDO) in cooperation with the International Labour Office (ILO), presents this Code of practice and the accompanying Guide booklets, to assist employers in promoting equality and preventing discrimination at work in Indonesia.

The Guide comprises five booklets:

1. Equality in Employment: Key Concepts and Principles
2. Business Case for Equality
3. Equality in Company Practices
4. Managing Equality in the Workplace
5. External Support Resources for Equality Management at Companies

We hope that you use this Guide and find it effective. We welcome feedback on subsequent improvements in your equality and non-discrimination policies.
Practical guidelines for employers for promoting equality and preventing discrimination at work in Indonesia
## I. WHY SHOULD EMPLOYERS CARE ABOUT EQUALITY?

International conventions ratified by Indonesia and national laws provide the legal basis for workers’ right to equal employment and prohibit any discrimination at work on the grounds of sex, race or ethnicity, colour, religious belief or creed, social origin, birth, national origin, political opinion, group, faction, social status, economic status, disability, HIV status or membership in a trade union or the exercise of union activities. To ensure equality in the labour market, all employers have a **legal obligation** to not discriminate (see Chapter 1.2 for more details on employers’ legal responsibilities). Employers should also take active steps at the workplace to promote equality and prevent discrimination.

Apart from fulfilling the legal obligations, taking equality seriously in company human resource practices can bring **benefits to businesses**. Promoting equality is not just an obligation - it makes good business sense. Compelling evidence from survey research conducted in enterprises over the last few decades demonstrates that equality measures can benefit companies in the following ways -

1. Improved ability to attract talent and skilled workforce.
2. Increased staff retention, workforce satisfaction and lowered employee turnover.
3. Increased productivity.
4. Improved innovation and creativity.
5. Access to new market segments and improved customer satisfaction.
6. Brand development and better reputation.
7. Lowered risks of workplace conflict.
8. Lowered risk of litigation.\(^1\)

These benefits to business can be achieved through the adoption of ‘equal treatment of employees’ as a core value in the enterprise, and ensuring that this principle is adhered to in all enterprise policies and practices. \[See Case Examples 1. Compelling business case for workplace partnership, diversity and equality – Ireland and 2. Female leadership and company profitability.\]

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\(^1\) See for example Case example 1. Compelling business case for workplace partnership, diversity and equality, and Case example 2. Female leadership and company profitability.
1.1. How equality promotion can help Indonesian enterprises in improving their business?

The current Indonesian business environment is characterized by increasing competition in both international and domestic markets. The key challenges that Indonesian enterprises face in their struggle to remain competitive include, among other aspects, improving their productivity, attracting and retaining quality human resources with appropriate skills and reducing workplace conflicts. The establishment of a structured and transparent human resource management system based on the principles of equality and non-discrimination can help enterprises to respond to these challenges. The best assets of the company are its people.

1. Attract talent and access a wider talent pool

In Indonesia, finding workers with appropriate skills is increasingly becoming a common concern for employers. Indonesia has enjoyed strong and sustained economic growth since the Asian Financial Crisis, however employers continue to face significant human resource challenges. Indonesia is suffering from a talent shortage. Take-up of education is increasing, but not as fast as new businesses are joining the market or expanding their talent needs. Indonesia contributes to lag behind regional rivals in terms of educational attainment of the workforce. With 6.5 per cent of workers having university diplomas and 72.9 per cent of Indonesian workers receiving only primary or less than primary education, the distribution of Indonesian workers by education level lags behind others in the region. Being known as an “equal opportunities employer” – an employer that rewards and promotes its staff based on merit and contribution – can help employers attract skilled applicants who are motivated to work hard and demonstrate potential for career advancement. Provision of development opportunities and special schemes, such as opportunities for flexible work arrangements, are also important initiatives that employers can use to attract talent to the company.

Commitment to non-discrimination provides employers with access to a wider pool of talent. For example, rejecting a qualified and suitable candidate just because of his or her sex, ethnicity, or because he or she is HIV positive would be waste of talent. Making use of these all available talent (which other employers may disregard for discriminatory reasons) can give employers who practice equal recruitment a competitive advantage over their competitors. Assessing all job applicants based on their merit, skills, experience, abilities and potential only – without interference of discriminatory bias – helps employers in finding the best person for the job.

2. Retain talent, lower employee turnover

In Indonesia, as elsewhere, one of the main reasons for employees to “jump jobs” is to look for better opportunities in other companies. Many women also leave their jobs when they get married or begin to have children due to their increased domestic responsibilities. To prevent trained and skilled staff from leaving, employers should ensure that there are development
opportunities available inside the company, and that these opportunities are open to all. Good practices in work-life balance (providing flexible working hours), maternity protection and provision of exclusive breastfeeding at work and reasonable accommodation of employees with special needs are also important in lowering employee turnover. Selection for training or promotion needs to be based on fair and objective selection criteria, with adequate attention paid to team diversity and company affirmative action measures.

Ensuring that the working environment is free from discrimination and harassing behavior is also important for retaining skilled workforce. For example in the garment sector, workers’ motivation to go to work is affected by the working environment. Where harassment is a problem, workers have indicated that they have considered resigning. In instances where workers report no or low instances of harassment, they have more motivation to remain in their job. Improved ability to retain employees can lead to significant savings in company recruitment and training costs.

Company surveys conducted abroad have established a clear link between the implementation of equality measures and lowered employee turnover. For example, a survey of 130 companies in Ireland found that implementation of strategic human resource management systems lowered employee turnover by 7.7 per cent. 4.4 per cent of this reduction was due to the application of equality measures alone. See Case example 1. Compelling business case for workplace partnership, diversity and equality – Ireland

3. Boost productivity

Increasing labour productivity is one of the fundamental challenges confronting the Indonesian economy and individual businesses. While small and medium enterprises employ approximately 97% of the workforce, they only produce 57% of value added. At the enterprise level, success in improving labour productivity is critical for remaining competitive, both locally and internationally. Implementation of equality measures can help by improving employee motivation, commitment and work morale. Workers who feel that their input is respected and that they are fairly rewarded for their effort will be motivated to strive harder for their personal wellbeing and the company’s success. The study conducted in Ireland found that implementation of equality strategies improved labour productivity by 6.5 per cent in the surveyed 130 companies.

4. Foster innovation

As Indonesia’s economy continues to expand, many companies are putting increasing efforts into the creation of new products, services and the establishment of new brands. Success in these efforts is linked to innovation and creativity in the enterprise. Experiences from

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4 National Centre for Partnerships and Performance (NCPP) & the Equality Authority: *New models of high performance work systems* (Dublin, 2008).
5 OECD, *Indonesia Profile*, lihat http://www.oecd.org/indonesia
6 National Centre for Partnerships and Performance (NCPP) & the Equality Authority: *New models of high performance work systems* (Dublin, 2008). Implementation of the full range of different strategic human resource management measures was shown to improve labour productivity by 14.8 per cent in this study.
organizations abroad show that having a diverse workforce can help businesses in increasing innovation and creativity within the organization, resulting in new ideas and new products. People with similar backgrounds and characteristics tend to naturally view things in a similar way. Diversity in human resources, on the other hand, can lead to new solutions and new perspectives. The above-mentioned Irish study linked implementation of equality strategies to a 7.9 per cent increase in workplace innovation. Also in Indonesia, hiring women and men with different backgrounds (place of origin, ethnic group, religion) can help companies in increasing innovation and creativity.

5. **Access new markets, improve customer satisfaction**

Alongside Indonesia’s socio-economic development, domestic consumption is increasing and at the same time the competition for new clients and consumers is hard. Oversees experience shows that having a diverse workforce helps companies in tailoring their products and services to the specific needs of different domestic market segments. Diversity also helps in developing more strategic and responsive marketing and may improve customer satisfaction. For example, it is known that ethnic minority customers are more willing to buy products or receive services from stores/service providers that employ ethnic minority staff and treat them with dignity.

6. **Improve reputation and brand image**

Good public image and company reputation attracts a talented workforce, new customers and international buyers. Improved public relations are important to both larger companies seeking to expand their brand and company image as well as to the smallest companies trying to attract more customer base in their local community. This is also particularly important in international value chains where international buyers prefer to work with local employers who can demonstrate that they promote equality and diversity in the workplace. Being an “equal opportunities employer” gives local employers in Indonesia a comparative advantage when seeking to link with international brands.

7. **Improve workplace harmony, reduce conflict**

Workers who feel that they are valued and treated fairly in the workplace are more satisfied with their jobs. If the company management is viewed as treating employees unfairly (e.g. making unjust decisions on bonuses or pay rises), loss of employees’ confidence in the management may lead to conflicts in the workplace. To maintain workplace harmony and to foster good workplace relations, employers should ensure that no discrimination takes place and that human resource management is based on fair and objective criteria, with adequate implementation of affirmative action measures. Good two-way communication through bipartite forums at the workplace is also essential in building good workplace relations. Workers should have a chance to participate in the formulation of company policies, including the equality policy, and in reviewing the policies and practices regularly.

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7 Ibid.
8. Reduce risks of litigation

The Manpower Act (Law No.13 of 2003) prohibits discrimination and contains sanctions for violations. Individuals or groups of workers who believe they have been discriminated against can take a case against their employer to medication at the local Disnaker office, then to the Industrial Relations Court. Employers should ensure that their recruitment and human resource management systems fully comply with the requirements of the law in order to avoid financial sanctions and damage to their reputation.

1.2. Benefits of equality for SMEs

Taking action on equality is often viewed as something that larger companies do, but that small and medium sized enterprises (SMEs) do not need to worry about. In fact, equality is as relevant to SMEs as it is for large corporations.

SMEs are faced with similar (or even harder) challenges in attracting and retaining talent. Treating workers fairly and equally will increase worker satisfaction and retention of staff, and having a good public image as an “equal opportunities employer” can help SMEs in finding the right people to help them expand and grow. Equality measures can help SMEs in boosting innovation, improving customer satisfaction, reducing conflict and improving workplace relations. Experiences from over 1200 SMEs in 27 European countries has demonstrated that the majority of SMEs recognize the benefits of increased diversity to their business. 8

Regardless to their commitment to equality, many SMEs face challenges in establishing formal human resource strategies to promote equality due to their limited capacity and resources. Most often SMEs take a staged approach. For example, implementation of equality measures starts with adopting fair recruitment policies and the second step involves training managers and staff involved in recruitment to learn how to recruit based on merit.

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Think about your business...

To determine the importance of fair employment practices to your enterprise, consider the following:

- Is your business faced with a problem of finding the right people to fill job vacancies?
- Is there high worker turnover?
- Does your workplace experience conflict or dissatisfaction among workers?
- Are you expanding into new market segments, either locally, regionally or internationally?
- Do you feel that there is a shortage of new and creative ideas within the organization?
- Are your customers being treated well? Can this be improved?
- Are people valued in your organization and do you want to raise employee engagement and morale?

To find possible solutions to these problems, think about these questions:

- Are there additional recruitment sources, for example, women, older workers or people with disabilities that your organization can try to recruit?
- What changes can be made to current policies in order to attract, retain and motivate these workers?
- What changes can be made to reduce conflict or dissatisfaction among workers?
- What is the current composition of your workforce (in terms of gender, sex, religion, ethnicity etc.)? Would you have competitive advantage if you had a more diversified and balanced workforce?
- Does the organization need new ideas in production or marketing? If your customers are of different or diverse background, will it help if you get a more balanced workforce in terms of age, race, gender, language, family status etc to promote your product or service?

Sources: Singapore Tripartite Centre for Fair Employment: Fair employment: Leading fair employment practices handbook (Singapore).
A study of Ireland’s top companies has confirmed a strong link between bottom-line business performance and the use of High Performance Work Systems (HPWS) in the workplace. HPWSs include strategic human resource management (staffing, training and development, performance management and remuneration, and communication and participation practices), partnership, diversity and equality strategies, and flexible working arrangements. The findings offer fresh insights into how the effective management of people in companies can drive competitiveness in tangible ways such as improved productivity, innovation and employee retention.

The report is based on a detailed survey of more than 130 of Ireland’s leading companies. The research team conducting the survey was charged with measuring the per-capita labour productivity of the companies in question, as well as their workforce innovation and employee retention rates, and of quantifying the proportion of these that could be attributed to the use of HPWS.

Their main findings were as follows:

- **Labour productivity**: The use of HPWS accounted, on average, for 14.8 per cent increase in labour productivity among the survey sample. In terms of total economic value, annual productivity-per-employee was found to be EUR 299,992, of which EUR 44,399 per employee per annum was directly attributable to the use of HPWS. For the median-sized company in the survey (270 employees), this equates to an additional EUR 12 million in annual sales revenue.

- **Workforce innovation**: The use of HPWS accounted, on average, for 12.2 per cent increase in workforce innovation, equivalent to sales revenue of EUR 2,061 per employee per annum, or EUR 556,200 in the median-sized company.

- **Employee turnover**: The use of HPWS resulted in 7.7 per cent decrease in annual employee turnover.

The report includes a specific examination of the diversity and equality theme. It found that in the samples of companies studied, **diversity and equality strategies are associated with**

- 6.5 per cent increase in *labour productivity* across this sample.
- 7.9 per cent increase in *workplace innovation*.
- 4.4 per cent decrease in *employee turnover*.
Niall Crowley, Chief Executive Officer of the Equality Authority, commented: “This report establishes workplace equality and diversity strategies as a key component of High Performance Work Systems. This must ensure that the promotion of workplace equality and diversity now emerge as a priority focus in the implementation of the Government’s National Workplace Strategy. This report quantifies, for the first time in an Irish context, a compelling business case for companies to invest in equality and diversity strategies, and to integrate these strategies into their corporate strategy and culture. Equality and diversity strategies are now clearly associated with higher labour productivity, increased workplace innovation and lower employee turnover. A competitive Irish economy needs businesses committed to equality and diversity.”

Sumber: National Centre for Partnership & Performance (NCPP) and the Equality Authority: New models of high performance work systems: The business case for strategic HRM, partnership and diversity and equality systems (Dublin, 2008).

Case example 2.

Female leadership and company profitability

Various studies conducted overseas demonstrate a significant positive correlation between company performance, profitability and gender diversity in company senior management. The studies show that both SMEs and larger companies can gain a competitive advantage over their peers by identifying and eliminating obstacles to women’s advancement to top management.

A study conducted by the Finnish Business and Policy Forum (EVA) analyzed data from 12,738 limited companies in Finland. The data sample of this study covered 91 percent of Finnish limited companies with more than 10 employees. The study found that when all other factors affecting firm profitability (such as size, sector etc.) were controlled, a company with a female CEO was about 10 percent more profitable than an otherwise similar company with a male CEO. Similarly, a company with a gender-balanced board of directors is on average about 10 percent more profitable than a similar company with an all male board. The study concludes that to boost their profitability, companies should promote gender-neutral career opportunities and take steps to remove the numerous and often unperceivable obstacles that hinder women from obtaining leadership positions.

Similar conclusions were made in a study conducted by McKinsey & Company, an international management consulting firm that analyzed performance of 89 European listed companies with highest level of gender diversity in top management. The selection criteria included the number, proportion and function of women on the executive committee and presence of more than two
women on the board. The study found out that **companies with high level of gender diversity in top management outperformed their sector** in terms of returns on equity (11.4 per cent vs. sector average 10.3 per cent), operating results (EBIT 11.1 per cent vs. 5.8 per cent), and stock price growth (64 per cent vs. over the period 2005-2007). Another study conducted by McKinsey & Company established a striking **correlation between organizational excellence and women’s participation in management bodies**. The nine criteria analyzed were: leadership, direction, accountability, coordination and control, innovation, external orientation, capability, motivation, work environment and values. The study was based on analysis of answers from 58,240 respondents from 101 large corporations in Europe, America and Asia.

Practical guidelines for employers for promoting equality and preventing discrimination at work in Indonesia
2. WHAT CAN EMPLOYERS DO TO PROMOTE EQUALITY?

Promoting equality in company practices means integrating equality as a key value into company core management policies and practices. The key to successful equality promotion is rethinking all the company human resource management practices step by step to ensure that they are free from bias and discrimination. In addition to good human resource practices, companies should take non-discrimination as a guiding principle in their business practices, including customer service, marketing and sourcing.

To set concrete objectives, targets and timeframes for the incorporation of equality concerns in company human resource practices and business operations, it is practical for companies to adopt equality policies and action plans. An equality policy is a document that the company formally adopts to demonstrate commitment to the promotion of equality. Development and implementation of policies and plans should always be completed through a process of consultation through the bipartite cooperation body (LKS) or workers’ organizations and/or representatives of groups of employees directly concerned.

2.1. Rethinking human resource management and business practices

To ensure equality and non-discrimination in company recruitment and employment practices employers should establish a structured human resource management system that is based on fair and objective criteria, with adequate attention to implementation of affirmative action measures. Today, many companies have a system for managing human resources, which covers, among other aspects:

- Recruitment
- Remuneration
- Benefits
- Terms and conditions of work
- Access to training, advancement and promotion
- Termination of employment contract

Promotion of equality in company human resource practices means ensuring that decisions related to all of the above aspects of recruitment and employment are made in a transparent way, based on fair, objective and relevant criteria, with adequate attention paid to team diversity.
and enterprise affirmative action measures. Transparent procedures and objective criteria ensure that every employee is treated according to his or her merit and contribution.

Apart from their responsibilities as employers, companies have obligations towards their clients, customers, subcontractors, suppliers, and other business partners and stakeholders. Enterprises should ensure that customers and clients are never treated in a discriminatory manner, e.g., refused a service on the basis of their ethnicity or disability. Discriminatory bias should not impact any business decisions in the enterprise, such as selection of subcontractors or suppliers. When buying or leasing land for business purposes, companies should ensure that they do not contribute to displacement of the previous inhabitants of the area, including indigenous peoples (unless proper consultations involving indigenous peoples in the decision making process are undertaken). Ensuring that company marketing materials communicate positive images about diversity and equality is a good practice that can improve company brand image and help accessing new market segments.

Many companies undertake to address discrimination and promote equality and diversity as part of their broader programme on corporate social responsibility (CSR). This can include setting quotas to employ disadvantaged groups or providing training opportunities or access to services to vulnerable groups of persons such persons with disabilities, in the community.

Prohibition of discrimination is included in the major international social responsibility benchmarks against which companies and factories measure their performance, including SA8000 and ISO26000. Many multinational corporations— including those sourcing production from Indonesia, such as GAP, IKEA, Wal-Mart9— include discrimination in their Codes of Conduct and supply chain management policies, and require their suppliers to ensure that their human resource and business practices are free from discrimination. Eliminating discrimination and gaining a reputation as an “equal opportunities employer” is thus crucial to securing orders from big international buyers. Elimination of discrimination in respect of employment and occupation is also one of the ten principles of the UN Global Compact. See Management tip 6. Discrimination in SA8000 and ISO26000 below.

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SA8000: SA8000 is one of world’s most well known voluntary social responsibility benchmarks that many well known brands use to measure their own performance and responsibly manage their supply chains. SA8000 is issued by the Social Accountability International (SAI), a global multi-stakeholder standards setting organization. SA8000 requires the certified companies to adopt and implement policies and procedures that protect the basic human rights of workers. The SA8000 includes the following criteria on discrimination:

5. DISCRIMINATION

Criteria:

5.1 The company shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination, or retirement based on race, national or social origin, caste, birth, religion, disability, gender, sexual orientation, family responsibilities, marital status, union membership, political opinions, age, or any other condition that could give rise to discrimination.

5.2 The company shall not interfere with the exercise of personnel’s rights to observe tenets or practices, or to meet needs relating to race, national or social origin, religion, disability, gender, sexual orientation, family responsibilities, union membership, political opinions, or any other condition that could give rise to discrimination.

5.3 The company shall not allow any behaviour that is threatening, abusive, exploitative, or sexually coercive, including gestures, language, and physical contact, in the workplace and, where applicable, in residences and other facilities provided by the company for use by personnel.

5.4 The company shall not subject personnel to pregnancy or virginity tests under any circumstances.

ISO26000: ISO26000 “Guidance on Social Responsibility” is a new guidance document published by the International Organization for Standardization (ISO) in November 2010. Unlike other ISO standards it is not a certifiable standard, but a guidance document that provides practical advice on governance of social responsibility issues in company practices. ISO26000 addresses discrimination and vulnerable groups as one of the human rights issues covered in the guidance document. The guidance document requires organizations to ensure that they do not discriminate against employees, partners, customers, stakeholders, members and anyone else with whom it has any contact or on whom it can have an impact.

2.2. Basics of equality management

To systematically manage equality in company operations and human resource practices, most companies adopt special management tools, such as codes, policies and programmes. To establish equality of opportunity and treatment as a key value of the company, Indonesian employers are encouraged to formally endorse the Code of practice on promoting equality and preventing discrimination at work issued by the APINDO in cooperation with the ILO.

The most common tools adopted at company level for managing equality in human resource policies and practices include:

- **Equality policy** stating the company’s commitment to equality of opportunity and treatment in all its human resource practices and fostering a workplace culture free from discrimination and harassment.

- **Equality action plan** outlining the company’s practical steps in realizing the objectives set in the policy.

- **Affirmative action measures** providing assistance to specific groups of job applicants or employees to ensure fair, full and equitable access to equal opportunity and treatment for all. The affirmative action measures are a part of the equality action plan.

**Basic steps of equality management**

Each enterprise faces different equality related challenges. For this reason, there is no “one-size-fits-all” approach to equality management, as the enterprise’s equality measures should always be tailored to its specific needs. To ensure that the measures adopted respond to the needs of workers, workers’ organizations and worker representatives should always be involved in development of the measures. This can be done through the LKS Bipartite, or otherwise. Common steps in planning and implementing equality measures in an enterprise include:

1. **Commitment:** Demonstrate leadership commitment to equality in all human resource practices and company operations. Most companies do this by adopting an equality policy.

2. **Assessment:** Review and assess the existing human resource policies and practices and the current staff composition to identify needs and areas for equality promotion.

3. **Define:** Define goals, strategies, and specific programmes to promote and mainstream equality. Most companies do this by adopting an equality action plan and affirmative action measures.

4. **Implementation:** Implement strategies and programmes throughout the company.

5. **Measurement:** Measure and monitor impact and progress toward goals.

6. **Communication:** Communicate progress and challenges. Engage with stakeholders for continuous improvement.  

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Adapted from UN Global Compact: *UN global compact management model* (New York, 2010).
Equality promotion requires setting clear and measurable objectives and taking concrete steps to realize them within a defined timeframe. The best way to do this is to set priorities and implement them in stages. To initiate their equality work, enterprises should identify a few key issues and formulate programmes to address these issues. After implementing these measures (steps 1-6), the enterprise should review the impact on the enterprise and see if there is more room for improvement. Steps 1-6 can and should be repeated to ensure the workplace continues to work to promote equality. SMEs with limited capacity to implement large equality programmes can focus their measures on a few priorities, and implement targeted and well planned actions. Experience from Europe shows that SMEs often choose to start with ensuring that their recruitment practices are transparent and free from discriminatory bias.\(^{11}\)

Equality issues that enterprises need to address change over time, depending for example on changes in the demographics of workers or the general economic environment. For this reason ensuring equality in human resource practices requires commitment to **continuous review and efforts for improvement.**

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Case example 3.

Diversity management in European companies

The European Commission commissioned two studies in 2005 and 2008 to map diversity management practices in European companies. The two surveys were both conducted among member companies of the European Business Test Panel (EBTP). The 2008 survey verified that compared to 2005, an increasing proportion of companies recognize the links between diversity and good business performance.

Of the 335 companies participating in the 2008 survey, 56 per cent had established some kind of an equality and diversity policy. 25 per cent of these policies covered all six grounds of discrimination prohibited under European law (gender, age, ethnicity and race, disability, religion and belief, and sexual orientation), whereas 64 per cent covered only some grounds and 12 per cent covered only one ground. The equality and diversity policies handled most often issues related to staff recruitment, retention and management (93 per cent), organizational culture (75 per cent) and work-life balance (70 per cent). 25 per cent of the companies with equality and diversity policies had also adopted affirmative action measures, setting targets for the recruitment, training, or promotion of staff from under-represented groups.

Almost two-thirds of the surveyed companies recognized that implementation of equality and diversity policies had made a positive impact upon their business. The most common benefits included improved employee motivation and efficiency; access to a new pool of workers; company reputation, corporate image and good community relations; recruitment of high quality employees; and opportunities for innovation and creativity. The links between innovation and diversity were recognized by 63 per cent of the companies. Diversity-led innovation had increased significantly more in companies implementing affirmative action measures (83 per cent) compared to companies without such measures (55 per cent). These benefits were equally recognized both in SMEs and in large and very large companies.

### Checklist: How well is your business doing in equality management?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No sure</th>
<th>Not</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Do you have an equality policy?</td>
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<tr>
<td>2. Do you have clear procedures to ensure that all your work practices, from advertising job vacancies and recruitment to termination are never discriminatory?</td>
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<tr>
<td>3. Do you have a procedure for resolving complaints related to discrimination and equality?</td>
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<tr>
<td>4. If you have an equality policy and/or procedure for resolving equality related complaints, have you taken action to ensure all staff have read it/them and know where to obtain a copy/ies if necessary?</td>
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<tr>
<td>5. Have you taken action to ensure all employees understand what is and isn’t acceptable and respectful behaviour in the workplace?</td>
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<tr>
<td>6. Have you made it clear to staff that discrimination, harassment, vilification and victimization will not be tolerated, and that any issues or complaints will be handled as confidentially without repercussions for the person who raises or is affected by the problem?</td>
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<tr>
<td>7. Do you give all staff regular information and training about equality?</td>
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<tr>
<td>8. Is someone responsible for promoting and reviewing equality practices at your workplace?</td>
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<tr>
<td>9. Do staff know who the person responsible for equality is?</td>
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</tbody>
</table>

Source: Adapted from Hong Kong Equal Opportunities Commission: Equal opportunity essentials kit for SMEs (Hong Kong).

*See comments on your checklist answers on the next page!*
For a more comprehensive checklist, see *Checklist for employers on working with principles for equality promotion* annexed to the *Code of practice for employers on promoting equality and preventing discrimination at work in Indonesia issued by the APINDO in cooperation with the ILO*.

<table>
<thead>
<tr>
<th>Comments on checklist scores (From previous page)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>9 yes’s</strong> You’re doing very well. We suggest that you continue the good work by regularly reviewing your equality policies and work practices.</td>
</tr>
<tr>
<td><strong>6 - 8 yes’s</strong> Your company has made a good start at implementing equality measures. Use the tools in this kit to focus on the areas you have not completed.</td>
</tr>
<tr>
<td><strong>3 - 5 yes’s</strong> You have some way to go in implementing equality. This guide contains a number of tools to help you</td>
</tr>
<tr>
<td><strong>0 - 3 yes’s</strong> Your equality implementation is incomplete. Please read this guide and get more information from the specialized organizations near you.</td>
</tr>
</tbody>
</table>

Source: Adapted from Hong Kong Equal Opportunities Commission: *Equal opportunity essentials kit for SMEs (Hong Kong)*.